



Interpublic Group

FIRST QUARTER 2015 EARNINGS CONFERENCE CALL

April 24, 2015

Overview – First Quarter 2015

- Organic revenue growth was 5.7% from Q1-14, 2.4% as reported
 - U.S. organic growth was 6.1%
 - International organic growth was 5.1%
 - Currency impact was -4.4%
- Operating income was \$8 million, improved from loss of \$12 million a year ago, in seasonally small Q1
- Operating margin improved 120 basis points
- EPS was break-even, compared with a loss of \$0.05 a year ago

Operating Performance

	Three Months Ended March 31,	
	2015	2014
<i>Revenue</i>	\$ 1,676.0	\$ 1,637.5
Salaries and Related Expenses	1,215.2	1,188.6
Office and General Expenses	453.0	460.6
<i>Operating Income (Loss)</i>	7.8	(11.7)
Interest Expense	(20.9)	(20.2)
Interest Income	7.2	6.2
Other Income, net	0.3	1.7
<i>Loss Before Income Taxes</i>	(5.6)	(24.0)
Benefit of Income Taxes	(1.4)	(1.7)
Equity in Net Loss of Unconsolidated Affiliates	-	(0.1)
<i>Net Loss</i>	(4.2)	(22.4)
Net Loss Attributable to Noncontrolling Interests	2.4	1.5
<i>Net Loss Available to IPG Common Stockholders</i>	\$ (1.8)	\$ (20.9)
<i>Loss per Share Available to IPG Common Stockholders - Basic and Diluted</i>	\$ 0.00	\$ (0.05)
<i>Weighted-Average Number of Common Shares Outstanding - Basic and Diluted</i>	411.1	422.8
<i>Dividends Declared per Common Share</i>	\$ 0.120	\$ 0.095

Revenue

	Three Months Ended	
	\$	% Change
March 31, 2014	\$ 1,637.5	
Total change	38.5	2.4%
Foreign currency	(71.9)	(4.4%)
Net acquisitions/(divestitures)	17.3	1.1%
Organic	93.1	5.7%
March 31, 2015	\$ 1,676.0	

	Three Months Ended			
	March 31,			
			Change	
	2015	2014	Total	Organic
IAN	\$ 1,349.9	\$ 1,315.7	2.6%	6.7%
CMG	\$ 326.1	\$ 321.8	1.3%	1.6%

Integrated Agency Networks (“IAN”): McCann Worldgroup, FCB (Foote, Cone & Belding), Lowe & Partners, IPG Mediabrands, our digital specialist agencies and our domestic integrated agencies
 Constituency Management Group (“CMG”): Weber Shandwick, Golin, Jack Morton, FutureBrand, Octagon and our other marketing service specialists

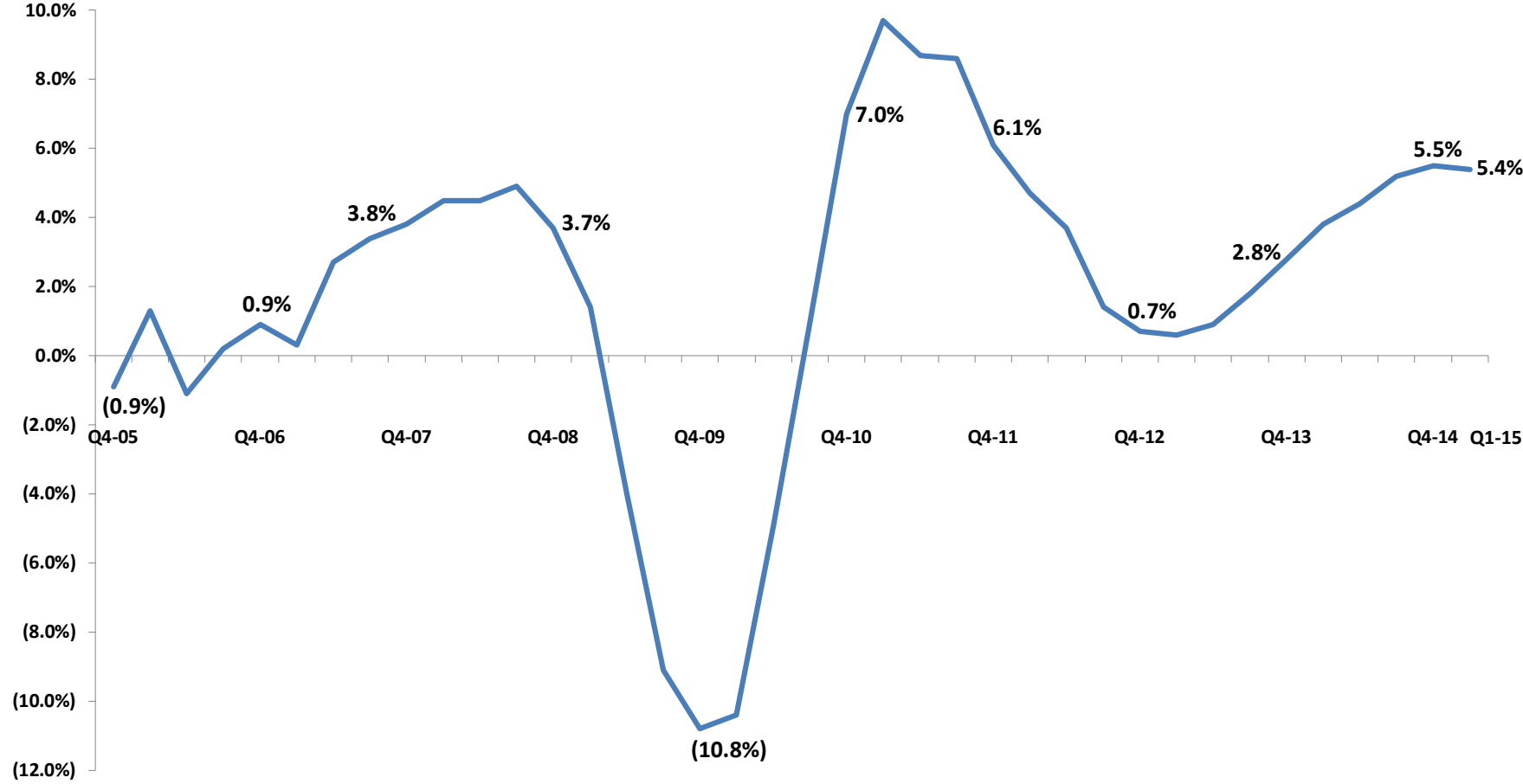
Geographic Revenue Change

	Three Months Ended March 31, 2015	
	Total	Organic
United States	6.9%	6.1%
International	(3.8%)	5.1%
United Kingdom	(1.6%)	6.4%
Continental Europe	(7.5%)	3.5%
Asia Pacific	(0.4%)	6.0%
Latin America	(14.5%)	(0.7%)
All Other Markets	3.5%	10.4%
Worldwide	2.4%	5.7%

"All Other Markets" includes Canada, Africa and the Middle East.

Organic Revenue Growth

Trailing Twelve Months



Expenses

Salaries & Related

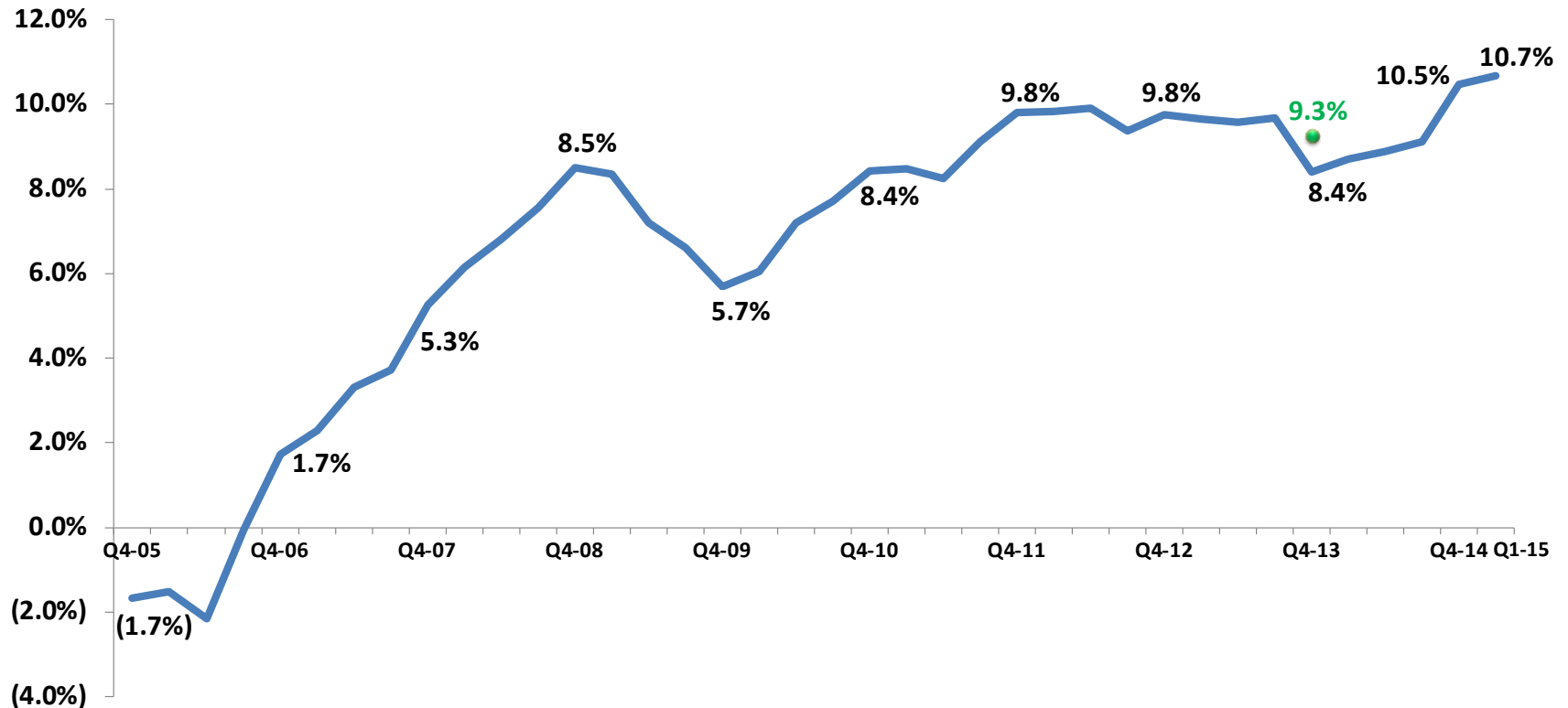
	2015	2014	Change		
			\$	Total	Organic
Three Months Ended March 31,	\$ 1,215.2	\$ 1,188.6	\$ 26.6	2.2%	5.7%
<i>% of Revenue</i>	72.5%	72.6%			
Three months severance	\$ 17.3	\$ 20.4	\$ (3.1)	(15.2%)	
<i>% of Revenue</i>	1.0%	1.2%			

Office & General

	2015	2014	Change		
			\$	Total	Organic
Three Months Ended March 31,	\$ 453.0	\$ 460.6	\$ (7.6)	(1.7%)	2.1%
<i>% of Revenue</i>	27.0%	28.1%			
Three months occupancy expense (ex-D&A)	\$ 121.7	\$ 127.2	\$ (5.5)	(4.3%)	
<i>% of Revenue</i>	7.3%	7.8%			

Operating Margin

Trailing Twelve Months



For the twelve months ended December 31, 2013, reported operating income of \$598.3 includes our Q4 2013 restructuring charge of \$60.6. Excluding this charge, adjusted operating income was \$658.9, and adjusted operating margin is represented in green.

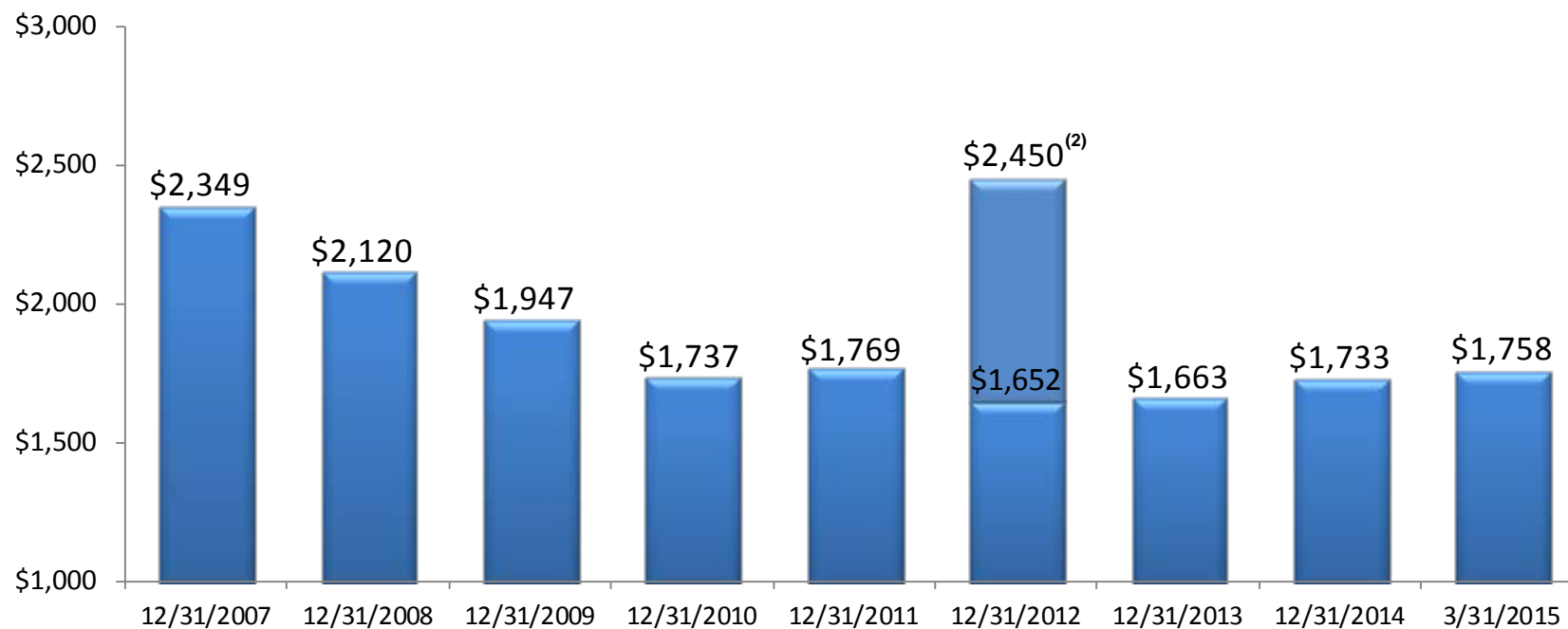
Balance Sheet – Current Portion

	March 31, 2015	December 31, 2014	March 31, 2014
CURRENT ASSETS:			
Cash and cash equivalents	\$ 734.3	\$ 1,660.6	\$ 771.0
Marketable securities	6.9	6.6	5.6
Accounts receivable, net	3,781.4	4,376.6	4,013.4
Expenditures billable to clients	1,497.8	1,424.2	1,692.7
Other current assets	367.1	342.2	399.2
Total current assets	\$ 6,387.5	\$ 7,810.2	\$ 6,881.9
CURRENT LIABILITIES:			
Accounts payable	\$ 5,468.5	\$ 6,558.0	\$ 6,048.5
Accrued liabilities	618.7	796.0	587.4
Short-term borrowings	135.7	107.2	171.1
Current portion of long-term debt	2.0	2.1	353.2
Total current liabilities	\$ 6,224.9	\$ 7,463.3	\$ 7,160.2

Cash Flow

	Three Months Ended March 31,	
	2015	2014
NET LOSS	\$ (4)	\$ (22)
OPERATING ACTIVITIES		
Depreciation & amortization	57	57
Deferred taxes	(32)	(23)
Other non-cash items	13	7
Change in working capital, net	(801)	(723)
Other non-current assets & liabilities	(30)	(22)
Net cash used in Operating Activities	(797)	(726)
INVESTING ACTIVITIES		
Capital expenditures	(20)	(27)
Acquisitions & deferred payments, net	-	(22)
Business, investment & fixed asset purchases/sales, net	-	2
Net cash used in Investing Activities	(20)	(47)
FINANCING ACTIVITIES		
Repurchase of common stock	(51)	(45)
Common stock dividends	(49)	(40)
Acquisition-related payments	(2)	(3)
Distributions to noncontrolling interests	(1)	(6)
Net increase (decrease) in short-term bank borrowings	34	(7)
Exercise of stock options	9	6
Excess tax benefit from share-based payment arrangements	9	3
Other financing activities	-	1
Net cash used in Financing Activities	(51)	(91)
Currency Effect	(58)	(2)
Decrease in Cash & S/T Marketable Securities	\$ (926)	\$ (866)

Total Debt (1)



(1) Includes current portion of long-term debt, short-term borrowings and long-term debt.

(2) Includes our November 2012 debt issuances of \$800 aggregate principal amount of Senior Notes, which pre-funded our plan to redeem a similar amount of debt in 2013.

Summary

- Q1 a solid start on FY-15 performance objectives
- Traction from key strategic initiatives
 - Quality of our agency offerings, creative talent and “open architecture” solutions
 - Digital strength across disciplines
 - Effective expense management
- Focus is on continued margin improvement
- Financial strength continues to be a source of value creation
 - Investment grade ratings at all three credit rating agencies
 - Raised dividend and authorized new share repurchase program (in February)



Interpublic Group

Appendix

Depreciation and Amortization

	2015				
	Q1	Q2	Q3	Q4	YTD 2015
Depreciation and amortization of fixed assets and intangible assets	\$ 38.7				\$ 38.7
Amortization of restricted stock and other non-cash compensation	16.8				16.8
Net amortization of bond discounts and deferred financing costs	1.4				1.4

	2014				
	Q1	Q2	Q3	Q4	FY 2014
Depreciation and amortization of fixed assets and intangible assets	\$ 40.5	\$ 40.2	\$ 41.0	\$ 41.3	\$ 163.0
Amortization of restricted stock and other non-cash compensation	15.1	11.1	11.7	16.4	54.3
Net amortization of bond discounts and deferred financing costs	1.0	1.3	1.4	1.4	5.1

Reconciliation of Organic Measures

	Three Months Ended March 31, 2014	Components of Change			Three Months Ended March 31, 2015	Change	
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic		Organic	Total
Segment Revenue							
IAN	\$ 1,315.7	\$ (60.4)	\$ 6.8	\$ 87.8	\$ 1,349.9	6.7%	2.6%
CMG	321.8	(11.5)	10.5	5.3	326.1	1.6%	1.3%
Total	<u>\$ 1,637.5</u>	<u>\$ (71.9)</u>	<u>\$ 17.3</u>	<u>\$ 93.1</u>	<u>\$ 1,676.0</u>	<u>5.7%</u>	<u>2.4%</u>
Geographic							
United States	\$ 939.0	\$ -	\$ 7.6	\$ 57.2	\$ 1,003.8	6.1%	6.9%
International	698.5	(71.9)	9.7	35.9	672.2	5.1%	(3.8%)
United Kingdom	167.6	(13.4)	-	10.7	164.9	6.4%	(1.6%)
Continental Europe	167.7	(28.3)	9.9	5.8	155.1	3.5%	(7.5%)
Asia Pacific	188.6	(12.0)	(0.1)	11.3	187.8	6.0%	(0.4%)
Latin America	90.6	(12.4)	(0.1)	(0.6)	77.5	(0.7%)	(14.5%)
All Other Markets	84.0	(5.8)	-	8.7	86.9	10.4%	3.5%
Worldwide	<u>\$ 1,637.5</u>	<u>\$ (71.9)</u>	<u>\$ 17.3</u>	<u>\$ 93.1</u>	<u>\$ 1,676.0</u>	<u>5.7%</u>	<u>2.4%</u>
Expenses							
Salaries & Related	\$ 1,188.6	\$ (53.5)	\$ 12.3	\$ 67.8	\$ 1,215.2	5.7%	2.2%
Office & General	460.6	(20.9)	3.5	9.8	453.0	2.1%	(1.7%)
Total	<u>\$ 1,649.2</u>	<u>\$ (74.4)</u>	<u>\$ 15.8</u>	<u>\$ 77.6</u>	<u>\$ 1,668.2</u>	<u>4.7%</u>	<u>1.2%</u>

Reconciliation of Organic Revenue Growth

Last Twelve Months Ending	Beginning of Period Revenue	Components of Change During the Period			End of Period Revenue
		Foreign Currency	Net Acquisitions / (Divestitures)	Organic	
12/31/05	\$ 6,387.0	\$ 40.4	\$ (107.4)	\$ (56.2)	\$ 6,263.8
3/31/06	6,323.8	(10.9)	(132.6)	81.5	6,261.8
6/30/06	6,418.4	(8.8)	(157.5)	(68.5)	6,183.6
9/30/06	6,335.9	(13.9)	(140.4)	15.6	6,197.2
12/31/06	6,263.8	20.7	(165.5)	57.8	6,176.8
3/31/07	6,261.8	78.4	(147.2)	16.0	6,209.0
6/30/07	6,183.6	102.4	(124.7)	166.6	6,327.9
9/30/07	6,197.2	137.3	(110.9)	209.2	6,432.8
12/31/07	6,176.8	197.5	(70.7)	233.1	6,536.7
3/31/08	6,209.0	217.8	(45.9)	280.6	6,661.5
6/30/08	6,327.9	244.8	(12.6)	282.4	6,842.5
9/30/08	6,432.8	237.4	32.8	317.2	7,020.2
12/31/08	6,536.7	71.5	87.6	243.0	6,938.8
3/31/09	6,661.5	(88.3)	114.7	91.9	6,779.8
6/30/09	6,842.5	(286.2)	139.2	(275.3)	6,420.2
9/30/09	7,020.2	(390.1)	115.2	(636.4)	6,108.9
12/31/09	6,938.8	(251.6)	69.1	(748.9)	6,007.4
3/31/10	6,779.8	(88.2)	36.0	(705.4)	6,022.2
6/30/10	6,420.2	59.1	2.0	(316.9)	6,164.4
9/30/10	6,108.9	117.7	9.6	60.1	6,296.3
12/31/10	6,007.4	63.3	17.0	419.6	6,507.3
3/31/11	6,022.2	21.0	18.2	583.7	6,645.1
6/30/11	6,164.4	61.5	12.4	535.8	6,774.1
9/30/11	6,296.3	119.1	(7.7)	539.5	6,947.2
12/31/11	6,507.3	122.2	(8.6)	393.7	7,014.6
3/31/12	6,645.1	92.9	(1.4)	310.0	7,046.6
6/30/12	6,774.1	(14.3)	14.5	247.3	7,021.6
9/30/12	6,947.2	(117.2)	39.7	95.8	6,965.5
12/31/12	7,014.6	(147.6)	41.8	47.4	6,956.2
3/31/13	7,046.6	(143.7)	48.2	41.3	6,992.4
6/30/13	7,021.6	(111.4)	56.9	65.8	7,032.9
9/30/13	6,965.5	(80.3)	49.5	128.2	7,062.9
12/31/13	6,956.2	(80.4)	50.3	196.2	7,122.3
3/31/14	6,992.4	(89.9)	51.2	263.1	7,216.8
6/30/14	7,032.9	(80.6)	51.6	308.1	7,312.0
9/30/14	7,062.9	(53.5)	74.3	369.0	7,452.7
12/31/14	7,122.3	(75.5)	95.3	395.0	7,537.1
3/31/15	7,216.8	(125.7)	98.4	386.1	7,575.6



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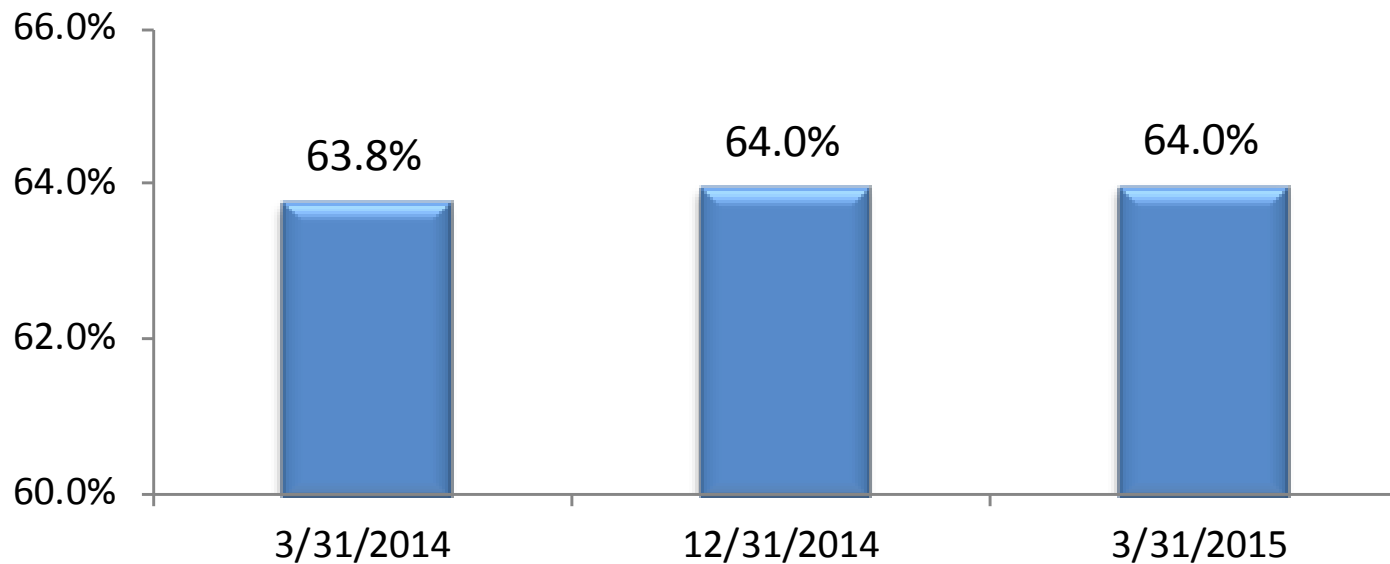
Metrics Update

Metrics Update

Category	Metric
SALARIES & RELATED (% of revenue)	Trailing Twelve Months Base, Benefits & Tax Incentive Expense Severance Expense Temporary Help
OFFICE & GENERAL (% of revenue)	Trailing Twelve Months Professional Fees Occupancy Expense (ex-D&A) T&E, Office Supplies & Telecom All Other O&G
FINANCIAL	Available Liquidity \$1.0 Billion 5-Year Credit Facility Covenants

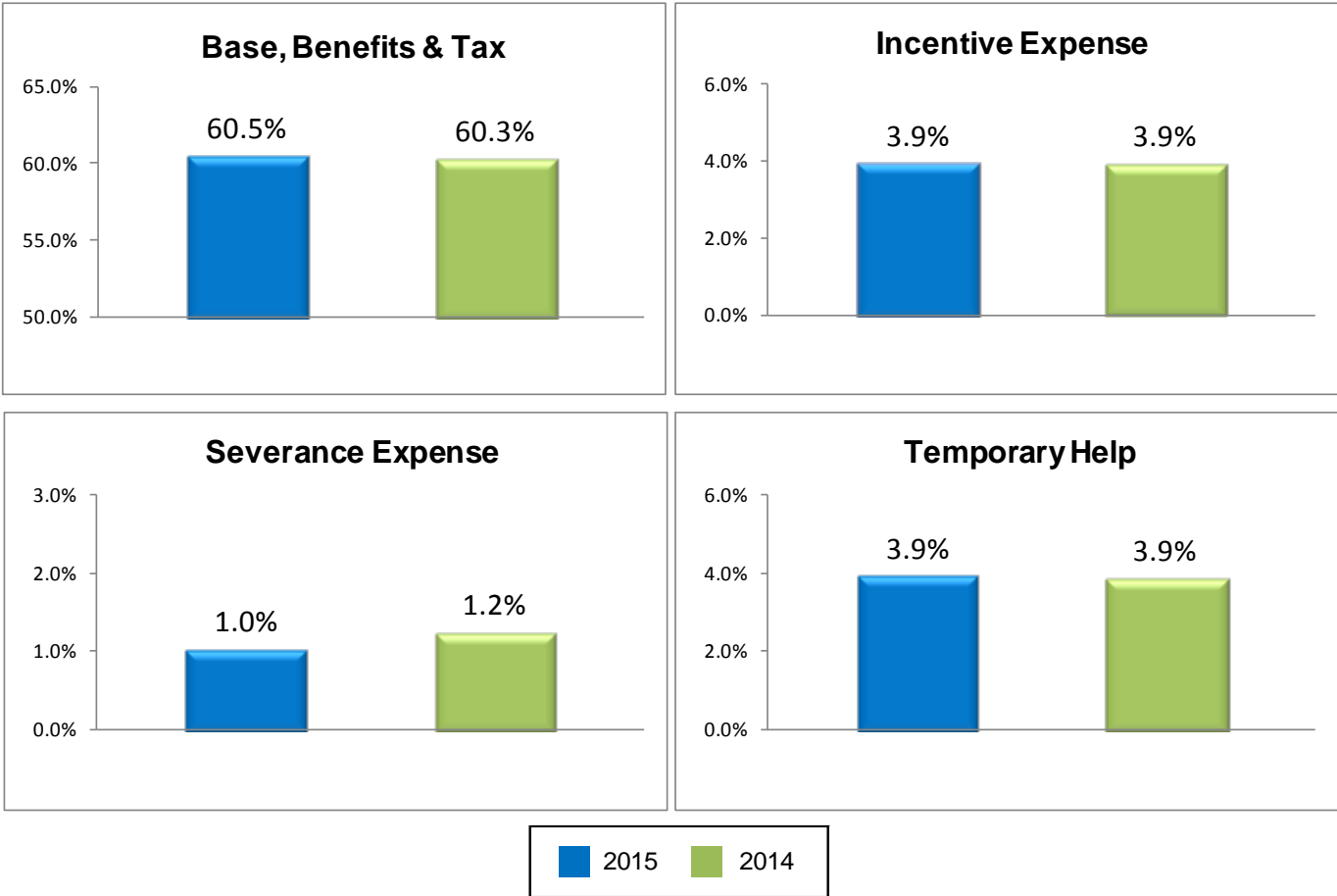
Salaries & Related Expenses

% of Revenue, Trailing Twelve Months



Salaries & Related Expenses (% of Revenue)

Three Months Ended March 31

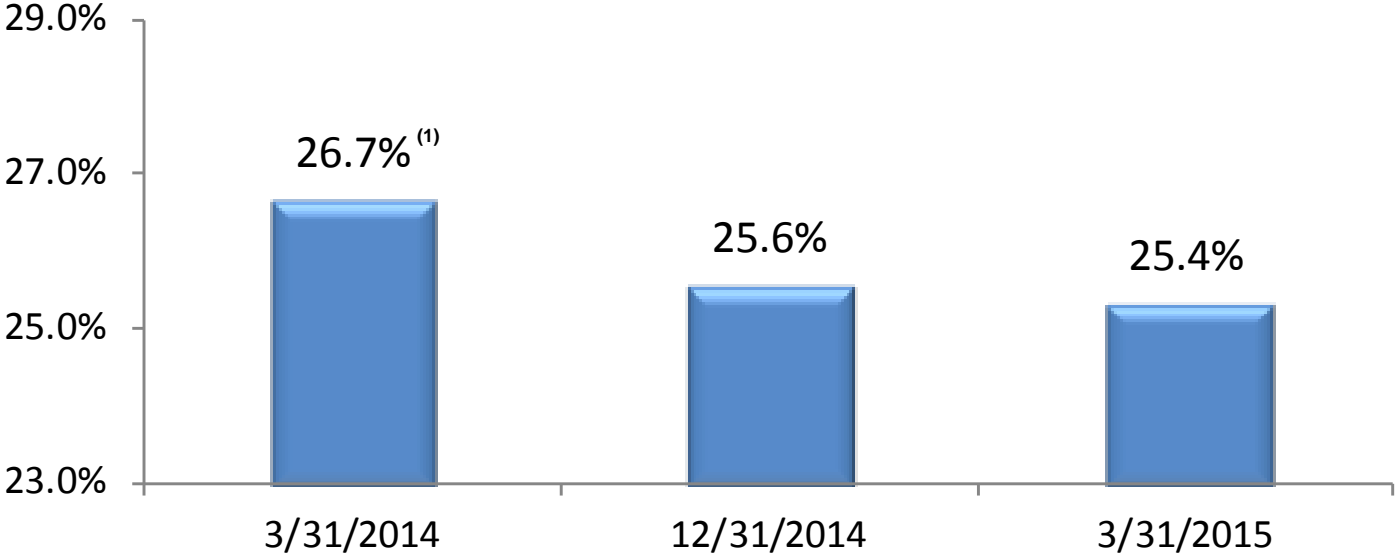


"All Other Salaries & Related," not shown, was 3.2% and 3.3% for the three months ended March 31, 2015 and 2014, respectively.



Office & General Expenses

% of Revenue, Trailing Twelve Months

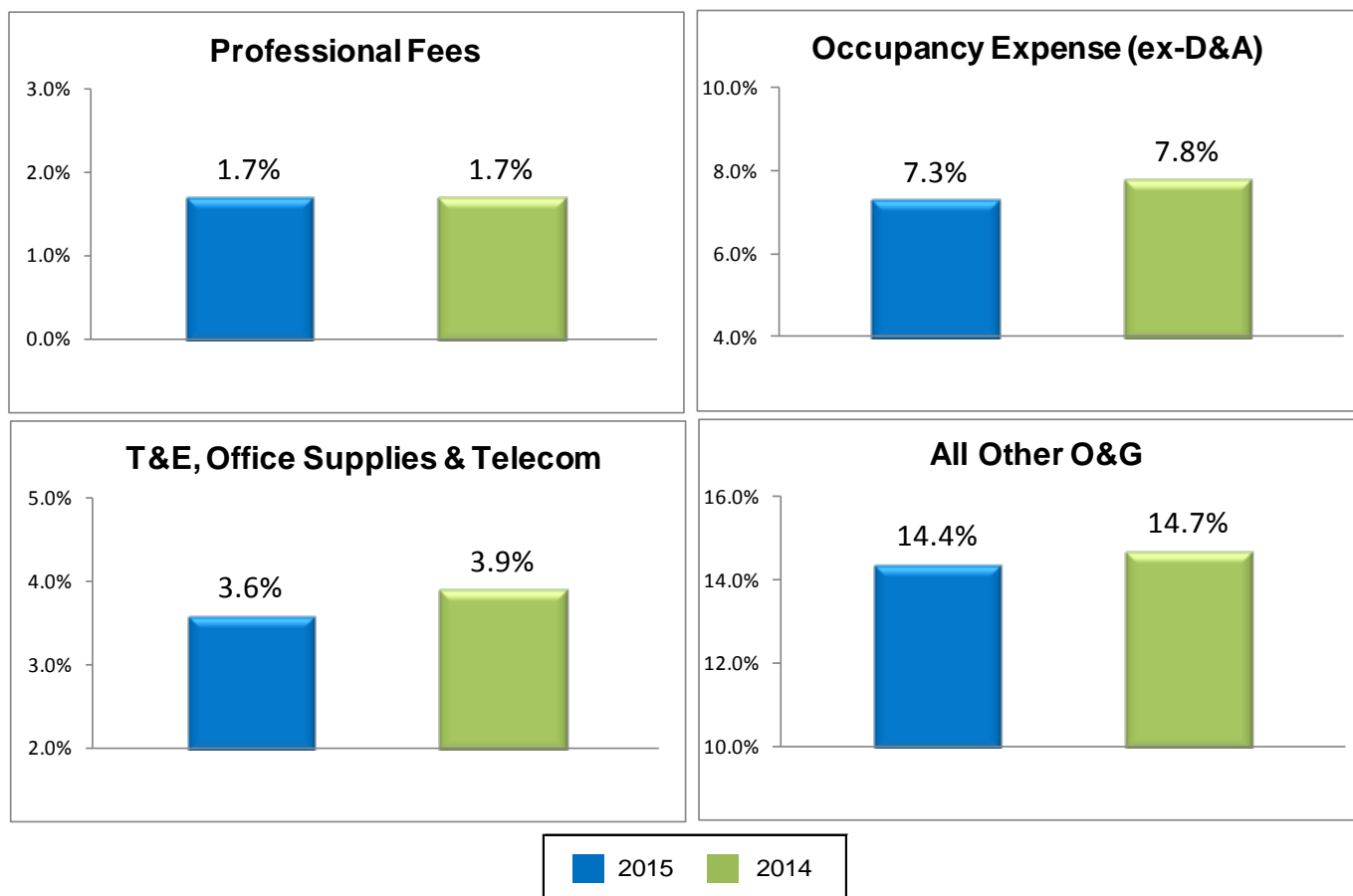


⁽¹⁾ Office & general expenses excludes our Q4 2013 restructuring charge, which was recorded as a separate line item in our income statement.



Office & General Expenses (% of Revenue)

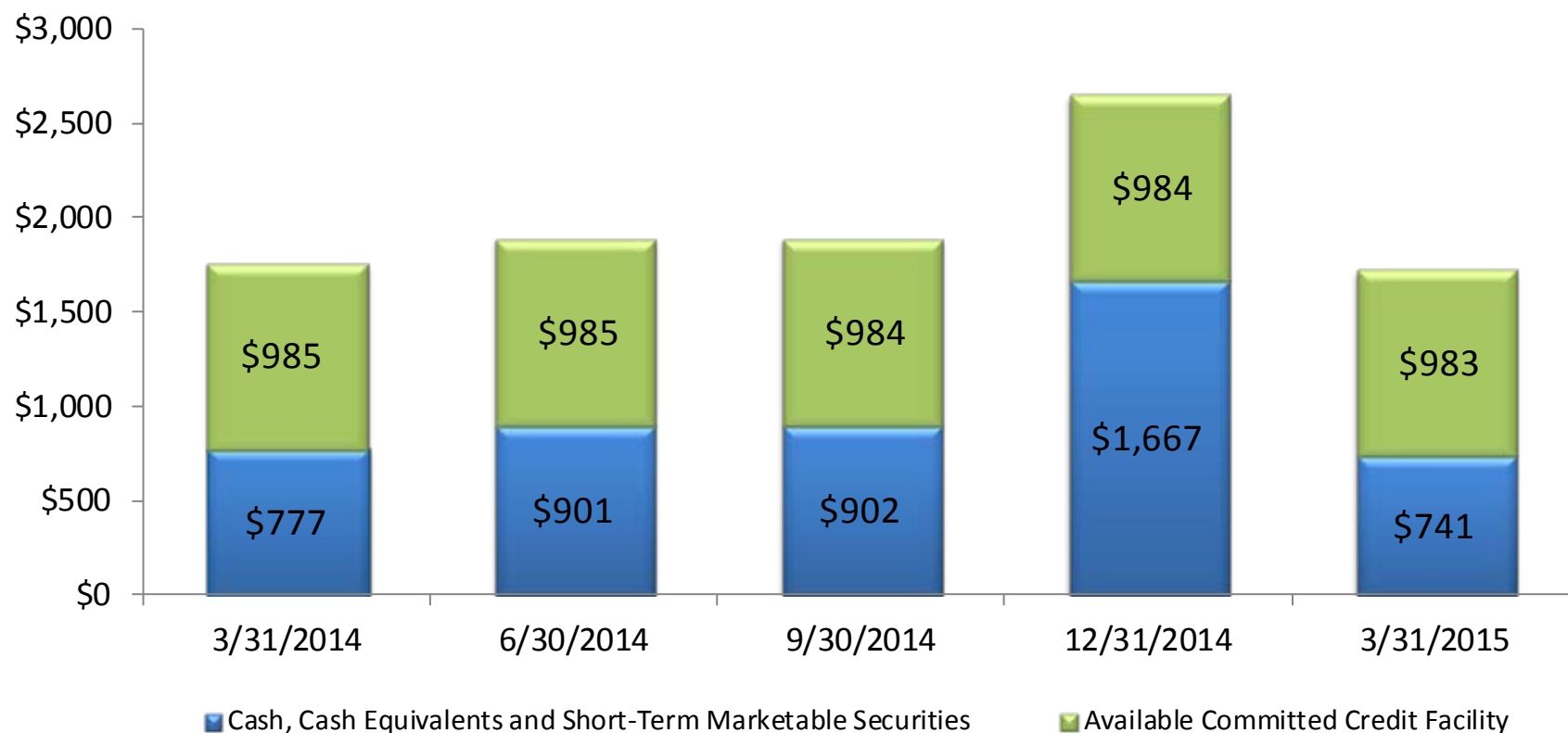
Three Months Ended March 31



“All Other O&G” includes production expenses, depreciation and amortization, bad debt expense, adjustments for contingent acquisition obligations, foreign currency (gains) losses, restructuring and other reorganization-related charges (reversals), long-lived asset impairments and other expenses.

Available Liquidity

Cash, Cash Equivalents and Short-Term Marketable Securities + Available Committed Credit Facility



\$1.0 Billion 5-Year Credit Facility Covenants

<u>Covenants</u>	<u>Last Twelve Months Ending March 31, 2015</u>
I. Interest Coverage Ratio (not less than):	5.00x
Actual Interest Coverage Ratio:	18.40x
II. Leverage Ratio (not greater than):	3.25x
Actual Leverage Ratio:	1.72x
<u>Interest Coverage Ratio - Interest Expense Reconciliation</u>	<u>Last Twelve Months Ending March 31, 2015</u>
Interest Expense:	\$85.6
- Interest income	28.4
- Other	1.5
Net interest expense ⁽¹⁾ :	<u>\$55.7</u>
<u>EBITDA Reconciliation</u>	<u>Last Twelve Months Ending March 31, 2015</u>
Operating Income:	\$807.9
+ Depreciation and amortization	217.2
EBITDA ⁽¹⁾ :	<u>\$1,025.1</u>

Cautionary Statement

This investor presentation contains forward-looking statements. Statements in this investor presentation that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- potential effects of a challenging economy, for example, on the demand for our advertising and marketing services, on our clients' financial condition and on our business or financial condition;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail in our most recent Annual Report on Form 10-K under Item 1A, Risk Factors.